

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 IO-13 ABF-01 PM-07 NSC-10 SS-15

RSC-01 CIAE-00 INR-10 NSAE-00 DODE-00 OMB-01 TRSE-00

RSR-01 /099 W

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R 220830 Z JUN 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 3566

INFO AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA

AMEMBASSY OTTAWA

AMEMBASSY WARSAW

USDEL JEC PARIS

C O N F I D E N T I A L SAIGON 11230

E. O. 11652: GDS

TAGS: MARR VS

SUBJECT: ICCS BUDGET

REF: A. STATE 116292 B. SAIGON 8367

1. EMBASSY RECEIVED COPY OF ICCS BUDGET JUNE 20 UNDER COVERING LETTER OF ICCS CHAIRMAN, AMB. GAUVIN. LETTER AND BUDGET ARE BEING POUCHED TO DEPT. ALL FIGURES US\$.

2. IN HIS LETTER, GAUVIN NOTES THAT BUDGET COVERS PERIOD UP TO MARCH 31, 1974 AND INCLUDES " ONE- TIME EXPENDITURES". BUDGET AMOUNTS TO \$43,058,772 AS FOLLOWS:

EXPENDITURES INCURRED PRIOR TO APRIL 1, 1973: \$ 5,457,842

EXPENDITURES FORECAST APRIL 1, 1973- MARCH 31,1974: \$37,600,930

GAUVIN ALSO POINTS OUT THAT BUDGET IS SUBJECT TO FOLLOWING MAJOR ASSUMPTIONS: A) ICCS ACTIVITIES UP TO MARCH 31, 1974 WILL NOT BE TOO DISSIMILAR FROM THOSE TO DATE; B) SHOULD THERE BE CHANGE IN CHIP COMPOSITION, BUDGET OF INCOMING COUNTRY WILL BE SIMILAR TO BUDGET OF OUTGOING COUNTRY; C) THERE WILL BE NO ABNORMAL ECONOMIC FACTORS INFLUENCING COST OF MATERIALS AND

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SERVICES SUPPLIED ICCS IN VIETNAM; D) THE PROPERTY AND EQUIPMENT PROVIDED TO ICCS BY U. S. GOVT AND OTHER PARTIES WILL CONTINUE TO BE AVAILABLE WITHOUT CHARGE. GAUVIN CONCLUDES BY REQUESTING ADVANCE CONTRIBUTION TO SAFEGUARD ICCS CREDIBILITY AND ENSURE ITS CONTINUED OPERATION BEFORE END OF JUNE, 1973 BASED ON FOLLOWING FIGURES:

ACTUAL EXPENDITURES TO APRIL 1, 1973: \$ 5,457,842

BUDGET APRIL - JUNE 1973 (PRO- RATA): 9,400,232

14,858,074

EACH PARTY EXPECTED TO PAY ITS SHARE ACCORDING TO ARTICLE 14(B) OF ICCS PROTOCOL, I. E. U. S. SHARE WOULD BE APPROX 3,500,000.

3. MAJOR BUDGET COMPONENTS ARE: FORECAST EX-

	ACTUAL EXPENDITURES TO MARCH 31, 1973	PENDITURES APRIL 1, 1973 TO MARCH 31, '74
CAPITAL- EQUIPMENT:	13,300	3,300,000
OPERATING & MAINTENANCE:		
PERSONNEL COSTS	3,252,185	16,242,200
EQUIPMENT OPERATING COSTS	1,869,230	12,584,500
FACILITIES OPERATING COSTS	14,540	1,350,000
OTHER OM COSTS	308,587	4,124,230
TOTALS	5,457,842	37,600,930

PERSONNEL COSTS REPRESENT LARGEST SINGLE ITEM AND INCLUDE ACCOMMODATION, MEDICAL CARE, COMPENSATION, PER DIEM, TROPICAL PERSONAL EQUIPMENT, R/ R, OFFICIAL TRAVEL, REPRESENTATION AND MESSING. LARGEST PORTION OF EQUIPMENT OPERATING COSTS IS AIR TRANSPORTATION (TOTAL \$10,490,000).

4. WE HAVE HELD INITIAL CONVERSATIONS WITH CANDEL AND ICCS FINANCE COMMITTEE RE BUDGET, POINTING OUT OUR CONCERN OVER UNEXPECTEDLY HIGH TOTAL FIGURES. ORIGINAL FIGURES ON WHICH WE CALCULATED U. S. SHARE (REFTEL B) DID NOT INCLUDE FORECAST EXPENDITURE FOR CAPITAL EQUIPMENT, AND GREATLY UNDERESTIMATED AIR TRANSPORTATION COSTS AND TRAVEL COSTS TO MOBILIZE AND DEPLOY CONTINGENTS. AS SECRETARIAT FINANCE SECTION BEGAN COLLECTING ACCURATE COST DATA IN MAY, IT BECAME EVIDENT THAT MANY OTHER EXPENSES FOR SUCH THINGS AS MEDICAL CARE, TROPICAL PERSONAL
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EQUIPMENT, AND COMMUNICATIONS WOULD BE HIGHER THAN ANTICIPATED. ON THE BASIS OF INFORMATION WE HAVE RECEIVED TO DATE, TOTAL FIGURES AS CONTAINED IN BUDGET SEEM HIGH BUT NOT UNREASONABLE.
WHITEHOUSE

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*** Current Classification *** CONFIDENTIAL

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